

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6095
BILL NUMBER: SB 107

NOTE PREPARED: Jan 25, 2008
BILL AMENDED: Jan 24, 2008

SUBJECT: Wine Sales.

FIRST AUTHOR: Sen. Riegsecker
FIRST SPONSOR:

BILL STATUS: CR Adopted - 1st House

FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State

Summary of Legislation: (Amended) This bill increases the limit on annual wine sales in Indiana from five hundred thousand (500,000) to one million (1,000,000) gallons for farm winery and direct wine seller permit holders. The bill also provides that the Alcohol and Tobacco Commission (ATC) may issue a direct wine seller's permit to an applicant who: (1) has not distributed wine through a wine wholesaler within 120 days immediately preceding the applicant's application and does not distribute wine through a wine wholesaler during the term of the permit; or (2) has operated as a farm winery. (Current law provides that the ATC may issue a permit to an applicant who has not distributed through a wine wholesaler within 120 days immediately preceding the applicant's initial application or has operated as a farm winery.)

Effective Date: July 1, 2008.

Explanation of State Expenditures: This bill will increase administrative costs to the Alcohol and Tobacco Commission (ATC) by requiring any forms, rules, and procedures related to direct wine shipment be amended to comply with the adjusted shipment levels in the bill. The amount of the increase is indeterminable.

Explanation of State Revenues: This bill could cause an indeterminable increase in state revenues. The impact will be from the possible increase in fee revenue from the issuance of more direct wine seller permits and also from possible increased wine sales in Indiana which will lead to increased alcoholic beverage excise tax and Sales tax collections.

Background: The fee for a direct wine seller permit is \$100 per year, and the revenues are deposited 66%

in the state General Fund and 34% in the ATC's Enforcement and Administration Fund. The ATC reports that as of January 2, 2008, there had been 40 direct wine seller's permits issued.

To the extent that any of the provisions of this bill affect alcoholic beverage sales, state revenues will be impacted. Sales changes will affect collections of both alcoholic beverage excise taxes and the Sales Tax.

The alcoholic beverage excise taxes are distributed in varying amounts to the following funds: state General Fund, the Post War Construction Fund, the ATC Enforcement and Administration Fund, the Addiction Services Fund, and the Wine Grape Market Development Fund. The state retains 50% of the General Fund distribution of beer and wine excise tax revenue. The remainder is distributed to cities and towns based on population.

Sales Tax revenue is deposited in the Property Tax Replacement Fund (50%), the state General Fund (49.067%), the Public Mass Transportation Fund (0.76%), the Commuter Rail Service Fund (0.14%), and the Industrial Rail Service Fund (0.033%).

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Alcohol and Tobacco Commission.

Local Agencies Affected:

Information Sources: Vicki Stephens, Controller, Alcohol and Tobacco Commission, 317-232-2436.

Fiscal Analyst: Adam Brown, 317-232-9854.